

Message Text

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E.O. 11652: N/A

TAGS: PLAB, FR

SUBJECT: THE PM'S CONSULTATIONS WITH SOCIO-ECONOMIC
GROUPS

1. SUMMARY: WEEK-LONG CONSULTATIONS BY PM WITH
LABOR AND MANAGEMENT GROUPS A) CONFIRMED DIVISION OF
LABOR IN TWO, ONE RADICAL (CGT AND CFDT) AND ANOTHER
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MODERATE (FO, CGC, CFTC, FEN), READY TO DEAL WITH GOF IN GOOD FAITH; B) LABOR AND AN AGENT'S OPPOSITION TO INCOMES POLICIES; C) FAVORABLY PERSONAL IMPRESSION MADE BY PM; AND D) COMPETITION AMONG VARIOUS SOCIAL GROUPS AS SHARP AS EVER FOR A BIGGER SLICE OF GNP. END SUMMARY.

2. A TRADITION ORIGINALLY ESTABLISHED BY CHABAN DELMAS IN 1969 REQUIRING A NEW PRIME MINISTER TO CONSULT WITH TRADE UNION AND EMPLOYER ORGANIZATIONS SOON AFTER HIS APPOINTMENT WAS DULY COMPLIED WITH BY RAYMOND BARRE. A GOOD PART OF THE WEEK OF 6 SEPTEMBER WAS DEVOTED TO A SERIES OF APPOINTMENTS WITH THE SIX PRINCIPAL LABOR ORGANIZATIONS (IN THE ORDER IN WHICH THEY WERE RECEIVED: FO, CGT, CGC, CFDT, CTFC, AND FEN), AND WITH THE FOLLOWING EMPLOYER ASSOCIATIONS: THE NATIONAL ASSOCIATION OF MANAGEMENT (CNPF); THE NATIONAL CENTER OF YOUNG FARMERS (CNJA); THE SMALL AND MEDIUM-SIZED BUSINESSES (PME); AND THE ARTISANS AND TRADES ASSOCIATION (CNAM).

3. AS REPORTED BY HIS VISITORS, THE PRIME MINISTER DID MOST OF THE LISTENING IN LINE WITH THE PURPOSE OF THE CONSULTATIONS WHICH WAS TO GIVE HIM A FIRST-HAND UNDERSTANDING OF THE VIEWS AND EXPECTATIONS OF THE VARIOUS SOCIO-ECONOMIC GROUPS AS PART OF THE PREPARATION OF THE NEW GOVERNMENT'S ECONOMIC PROGRAM.

4. FOUR GENERAL OBSERVATIONS CAN BE MADE ON THE MATIGNON MEETINGS:

(A) THEY CONFIRMED THE DIVISION OF ORGANIZED LABOR IN TWO GROUPS:

(1) ONE GROUP, COMPOSED OF THE CGT AND THE CFDT, IS POLITICALLY MOTIVATED AND THEREFORE PRIMARILY INTERESTED IN THE FORTUNES OF THE OPPOSITION RATHER THAN IN PLAYING A CONSTRUCTIVE ROLE. ACCORDINGLY, BARRE CAN COUNT ON CGT'S OUTRIGHT HOSTILITY AND OPPOSITION WITHOUT REGARD TO THE SPECIFIC CONTENT OF LIMITED OFFICIAL USE

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THE GOF PROGRAM. CFDT IS LIKELY TO BE MORE NUANCED.

(2) THE SECOND GROUP COMPOSED OF FO, CFTC, CGC AND FEN REPRESENTS THE MODERATE SPECTRUM OF ORGANIZED LABOR WHICH IN VARIOUS DEGREES IS PREPARED TO DEAL WITH ANY GOVERNMENT IN POWER IN GOOD FAITH. THIS MODERATE GROUP, WHICH IS IN EFFECT LED BY FO, HAS A PRAGMATIC APPROACH TO LABOR PROBLEMS AND RELIES ON

COLLECTIVE BARGAINING AS A MEANS FOR ARRIVING AT
COMPROMISE SOLUTIONS, BE IT IN NEGOTIATIONS WITH THE
GOVERNMENT OR WITH PRIVATE MANAGEMENT. THIS GROUP
CAUTIONED THE PRIME MINISTER NOT TO LOOK TO THE
SALARIED POPULATION AS THE ONLY OR PRIMARY SOURCE OF
REVENUE FOR THE NATIONAL BUDGET. IN ADDITION, FO
PLEADED SUCCESSFULLY THE CASE OF MAINTAINING THE
CONTRACTUAL POLICY IN THE PUBLIC SECTOR.

(B) THE SECOND OBSERVATION TO BE DRAWN FROM THE
MATIGNON MEETINGS CONCERNS THE UNANIMITY WITH WHICH

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NOT ONLY ALL LABOR GROUPS, BUT ALSO THE EMPLOYER ASSOCIATIONS, OPPOSED AN INCOMES POLICY. FORCE OUVRIERE ONCE AGAIN JUSTIFIED THIS OPPOSITION IN POLITICAL TERMS BY ARGUING THAT FREEDOM TO NEGOTIATE WAGES AND WORK CONDITIONS IS AN INTEGRAL PART OF DEMOCRACY AND THEREFORE SHOULD NOT BE TEMPERED WITH.

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FURTHERMORE UNION AND MANAGEMENT SPOKESMEN WARNED AGAINST ANTI-INFLATIONARY MEASURES WHICH COULD SLOW DOWN THE ECONOMY AND THUS AGGRAVATE THE EMPLOYMENT SITUATION.

(C) THE THIRD OBSERVATION IS THAT BARRE MADE A FAVORABLE PERSONAL IMPRESSION ON HIS VISITORS, MOST OF WHOM HAVE KNOWN HIM FOR A LONG TIME, MAINLY FROM HIS DAYS IN BRUSSELS.

(D) FINALLY, THE FOURTH OBSERVATION HAS TO DO WITH THE SHARPNESS OF COMPETITION AMONG FRANCE'S SOCIO-ECONOMIC GROUPS FOR THE PROVERBIAL SLICE OF THE NATIONAL PRODUCT. THIS CONFLICT OF GROUP INTERESTS IS SO PERMANENT AND RELENTLESS AS TO RENDER ANY ATTEMPT AT COMPROMISE, A THARKLESS TASK. THE HISTORICAL EXPLANATION IS TO BE FOUND PROBABLY IN THE PARTY PLURALISM OF THE THIRD AND FOURTH REPUBLICS, WHERE EACH SOCIO-ECONOMIC GROUP BECAME THE POLITICAL BASE OF A SEPARATE POLITICAL PARTY. WHILE THIS IS NOT TRUE ANY MORE, THE RIVALRY AMONG THE GROUPS IS AS KEEN AS EVER. ALTHOUGH THIS ANTAGONISM IS MORE MANIFESTED IN THE MAJORITY, THIS DOES NOT MEAN THAT IT IS ABSENT IN THE OPPOSITION AND EVEN LESS THAT THE OPPOSITION WILL HAVE AN EASIER TIME RECONCILING THE GROUPS INVOLVED THAN THE MAJORITY HAS HAD FOR THE LAST 20 YEARS.

5. BECAUSE OF PRESS SPECULATION ABOUT THE PM'S CONSULTATIONS AND IN ORDER TO MAINTAIN THE MOMENTUM THE NEW GOVERNMENT CREATED BY STRESSING THE FIGHT AGAINST INFLATION, BARRE GAVE A 10-MINUTE TV INTERVIEW IN THE COURTYARD OF MATIGNON ON 13 SEPTEMBER. LOOKING CALM, CONFIDENT AND PROFESSIONAL, BARRE SAID THAT HE FOUND HIS VISITORS FULLY AWARE OF THE SERIOUSNESS

OF THE SITUATION AND THE NEED FOR ACTION. HE WAS
SPECIFIC ON TWO SUBJECTS DISCUSSED IN HIS CONVERSATIONS:

(A) HIS GOVERNMENT REMAINS ATTACHED TO THE "CONTRACTUAL
POLICY" (READ COLLECTIVE BARGAINING) APPROACH TO LABOR-
MANAGEMENT RELATIONS IN THE PUBLIC SECTOR, WHICH MEANS
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THAT THE GOVERNMENT WILL CONTINUE TO ABIDE BY THE 1976
AGREEMENTS AND WILL SET NO PRECONDITIONS TO NEGOTIATIONS
FOR 1977 WHICH SHOULD "TAKE PLACE AT THE APPROPRIATE
TIME." HE ADDED, HOWEVER, THAT THE CONTRACTUAL POLICY
SHOULD NOT BE TREATED AS A MECHANISM FOR OBTAINING
RESULTS WHICH MUST ALWAYS OUTSTRIP THOSE OF THE
PREVIOUS YEAR. HIS POINT WAS THAT THE ECONOMIC
SITUATION EXISTING AT THE TIME OF THE NEGOTIATION
CANNOT BE IGNORED, THEREBY IMPLYING THAT THE RATE OF
BENEFIT AND WAGE INCREASES CANNOT BE THE SAME FROM
YEAR TO YEAR.

(B) HE GAVE ASSURANCES THAT THE ROYER LAW, DESIGNED
TO PROTECT SMALL BUSINESSES AGAINST SUPERMARKETS,
WILL NOT BE MODIFIED, THEREBY RESPONDING TO THE DEMANDS
OF SMALL AND MEDIUM-SIZED BUSINESSES WHO WERE CONCERNED
LEST THE ANTI-INFLATION DRIVE LED TO EXPANSION OF
SUPERMARKETS.

6. HIS REFUSAL, AS HE SAID, TO RESORT TO SPECTACULAR
MEASURES THAT WOULD NOT HAVE A SUSTAINED EFFECT OVER
THE LONG RUN HAS BEEN INTERPRETED BY MOST OBSERVERS
AS AN INDICATION THAT HE DOES NOT FAVOR PRICE CONTROLS,
WHICH IS A NOD IN THE DIRECTION OF CNPF. WHETHER OR
NOT THIS IS A CORRECT INTERPRETATION SEEMS SECONDARY
AT THIS POINT. ITS MAIN INTEREST LIES IN THE FACT
THAT BARRE IS FOCUSING ON STRUCTURAL REFORMS AND
MEASURES THAT WILL PRODUCE MORE LASTING RESULTS ON
THE ECONOMY.

7. WHILE EMPHASIZING THAT THE COUNTRY IS FACING
SERIOUS PROBLEMS, HE SOUGHT TO AVOID OVERDRAMATIZATION
BY REMINDING HIS LISTENERS THAT "THE HOUSE WAS NOT
ON FIRE AND FRANCE IS INDEED CALM" EVEN IF ITS PEOPLE
RECOGNIZE THAT THERE ARE PROBLEMS.

8. BARRE OUTLINED BRIEFLY THE PREPARATORY WORK BEING

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DONE FOR HIS ECONOMIC PROGRAM, HIS PURPOSE BEING TO
CONVEY THE SERIOUSNESS AND CARE WITH WHICH THIS
PROGRAM IS BEING PUT TOGETHER.

9. COMMENT: PRESS AND PRIVATE COMMENTS HAVE
BEEN FAVORABLE. THERE IS GENERAL AGREEMENT THAT BARRE
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INSPIRES AT THIS POINT CONFIDENCE BY THE CALM AND CLEAR PRESENTATION OF HIS IDEAS AND BY THE IMAGE OF COMPETENCE HE PROJECTS. HE HAS BEEN WISE, HOWEVER, IN ADVANCING THE DATE OF HIS ECONOMIC PROGRAM FROM 29 TO 22 SEPTEMBER, BECAUSE THE COUNTRY IS KEYED UP WITH ANTICIPATION OF GOVERNMENTAL ACTION, EVEN IF IT IS SOMEWHAT APPREHENSIVE ABOUT THE KIND OF SACRIFICES THIS ACTION MAY IMPLY.

10. ALTHOUGH THE GOVERNMENT HAS YET TO REVEAL THE OVERALL NATURE OF ITS NEW ECONOMIC PROGRAM, IT IS CLEARLY SENSITIVE TO THE POLITICAL IMPORTANCE OF EQUITY OR ITS APPEARANCES. IN DETERMINING WHICH SACRIFICES WILL BE REQUESTED OF THE VARIOUS SECTORS OF FRENCH SOCIETY, IT WILL HAVE TO KEEP IN MIND THE NEED TO DEPRIVE THE UNIONS, ESPECIALLY THOSE ALIGNED WITH THE OPPOSITION, OF THE OPPORTUNITY TO CRY FOUL WITH ANY HIGH DEGREE OF CREDIBILITY.
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